

## Message Text

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PAGE 01 EC BRU 06900 132052Z

67

ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AF-08 ARA-06 EA-07 NEA-10 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02

INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-04 ITC-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 FEA-01 /137 W  
----- 128918

R 131652Z JUL 76

FM USMISSION EC BRUSSELS

TO AMEMBASSY BUENOS AIRES PRIORITY

AMEMBASSY BRASILIA PRIORITY

AMEMBASSY OTTAWA PRIORITY

AMEMBASSY LIMA PRIORITY

AMEMBASSY PRETORIA PRIORITY

AMEMBASSY MANILA PRIORITY

AMEMBASSY COLOMBO PRIORITY

AMEMBASSY JAKARTA PRIORITY

AMEMBASSY JUALA LUMPUR PRIORITY

AMEMBASSY KHARTOUM PRIORITY

AMEMBASSY KINSHASA PRIORITY

AMEMBASSY PRIORITY

AMEMBASSY STOCKHOLM PRIORITY

AMEMBASSY MOSCOW PRIORITY

AMEMBASSY WARSAW PRIORITY

AMEMBASSY MADRID PRIORITY

AMEMBASSY REYKJAVIK PRIORITY

AMEMBASSY DAKAR PRIORITY

AMEMBASSY NIAMEY PRIORITY

AMEMBASSY LAGOS PRIORITY

AMEMBASSY BAMAKO PRIORITY

AMEMBASSY ABIDJAN PRIORITY

AMEMBASSY CONTONOU PRIORITY

USDEC MTN GENEVA PRIORITY

INFO SECSTATE WASHDC PRIORITY 1528

ALL EC CAPITALS PRIORITY 2321

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PAGE 02 EC BRU 06900 132052Z

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E.O. 11652: N/A

TAGS: EAGR, ETRD, EEC

SUBJECT: EC COMMISSION PROPOSAL TO TAX VEGETABLE, FISH AND MARINE OIL

REF: STATE 172249

1. SUGGEST ACTION POSTS IN CARRYING OUT INSTRUCTIONS REFTEL MAY WISH TO BEAR IN MIND FOLLOWING ADDITIONAL POINTS: 1) EC COMMISSION MAKES BOW IN DIRECTION OF MORE FAVORABLE TREATMENT FOR DEVELOPING COUNTRIES THAN FOR DEVELOPED COUNTRIES. THIS IS DONE WITH FOLLOWING VAGUE LANGUAGE ADDRESSED TO THE COUNCIL OF MINISTERS: "THE COMMISSION CONSIDERS THAT THE MEMBER STATES SHOULD UNDERTAKE, AS PART OF A CONCERTED ACTION, TO ALLOCATE A SUM EQUIVALENT TO THAT PRODUCED BY THE TAX FOR IMPROVING DEVELOPMENT COOPERATION AND AID, INCLUDING FOOD AID."

(2) PRESUMABLY COMMUNITY WOULD POINT TO THIS PROPOSAL TO HELP ASSUAGE LDC CONCERNS BUT IN POINT OF FACT TAX PROPOSAL WOULD CLEARLY REDUCE OVER-ALL SALES OF VEGETABLE AND MARINE OILS AND FATS AND EVEN IF, AS IS FAR FROM CERTAIN, PROCEEDS OF TAX WERE RETURNED TO DEVELOPING COUNTRIES, IT IS UNLIKELY THAT BALANCE OF PAYMENTS RECEIPTS WOULD EQUAL LOSSES FROM TRADE RESTRICTION. COMMISSION ADMITS IT CANNOT FORCE MEMBER STATES TO GRANT THIS AID. MOREOVER, FOOD AID OR OTHER AID TO GOVERNMENTS WOULD HARDLY BENEFIT OIL PRODUCERS.

(3) IN FACT, COMMISSION PROPOSAL RUNS COUNTER TO ENTIRE TRADE PHILOSOPHY BEING DEVELOPED IN NORTH-SOUTH DIALOGUE WHICH HAS PLACED EMPHASIS ON INCREASED TRADE OPPORTUNITIES FOR DEVELOPING COUNTRIES SO THAT THEY CAN EARN THEIR WAY IN WORLD, THEREBY REDUCING THEIR DEPENDCE ON FOREIGN AID.

(4) TAX IS INCONSISTENT WITH RECENT COMMUNITY DECISION IN CONTEXT OF TROPICAL PRODUCTS EXERCISE IN MTN TO REDUCE OR STABILIZE CONSUMPTION TAXES ON TROPICAL PRODUCTS EXPORTS.

(5) FOR LOME COUNTRIES TAX IS CLEARLY CONTRARY TO SPIRIT OF CONVENTION AND PERHAPS OF SPECIFIC ARTICLES AS WELL. (WE ARE CHECKING.) WHILE WE WOULD ANTICIPATE COMMUNITY WOULD MAKE SPECIAL ADDITIONAL AID EFFORT IN CASE OF ASSOCIATED AFRICAN, CARRIBEAN LIMITED OFFICIAL USE

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PAGE 03 EC BRU 06900 132052Z

AND PACIFIC COUNTRIES, AS NOTED ABOVE, OFFSETTING DEVELOPMENT ASSISTANCE IS FAR FROM CERTAIN HERE ALSO.

2. THE EC/ACP COUNCIL OF MINISTERS IS MEETING IN BRUSSELS JULY 14-16. UNFORTUNATELY IT IS TOO LATE FOR APPROACHES IN CAPITALS TO AFFECT WHAT ACP MINISTERS SAY IN THAT MEETING. HOWEVER, AMBASSADOR HAS TALKED TO THE NIGERIAN AMBASSADOR, AND WE HAVE PROMISE FROM THE BRAZILIAN CHARGE THAT HE WILL TRY TO

STIR UP THE IVORY COAST AMBASSADOR IN TIME FOR THE MEETING.  
HINTON

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** INSTRUCTIONS, VEGETABLE OILS, PROPOSALS (BID), TAXES, IMPORT CONTROLS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 13 JUL 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
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**Executive Order:** N/A  
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**Film Number:** D760270-0655  
**From:** EC BRUSSELS  
**Handling Restrictions:** n/a  
**Image Path:**  
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**Legacy Key:** link1976/newtext/t19760765/aaaacfdv.tel  
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**Locator:** TEXT ON-LINE, ON MICROFILM  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
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